

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group statement of profit or loss and other comprehensive income for the financial period ended 30 June 2016. These figures have not been audited.

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2016 (Q1 FY2017)	3 months ended 30 Jun 2015 (Q1 FY2016)	Increase/ (Decrease)
Revenue	154,642	85,091	81.7
Cost of sales	(100,910)	(61,994)	62.8
Gross profit	53,732	23,097	132.6
Other income	714	271	163.5
Distribution costs	(16,451)	(9,887)	66.4
Administrative expenses	(19,472)	(17,833)	9.2
Other operating expenses	(1,109)	184	NM
Finance costs	(4,631)	(4,935)	(6.2)
Total operating expenses	(41,663)	(32,471)	28.3
Profit/(Loss) before taxation	12,783	(9,103)	NM
Taxation	(2,692)	1,244	NM
Net profit/(loss) for the period	10,091	(7,859)	NM
Attributable to:			
Equity holders of the Company	8,011	(7,444)	NM
Non-controlling interests	2,080	(415)	NM
Net profit/(loss) for the period	10,091	(7,859)	NM

NM: Not Meaningful

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2016 (Q1 FY2017)	3 months ended 30 Jun 2015 (Q1 FY2016)	Increase/ (Decrease)
Net profit/(loss) for the period	10,091	(7,859)	NM
Other comprehensive income:			
Item that may be reclassified subsequently to profit of loss:			
Exchange translation difference ¹	2,713	140	1,837.9
Other comprehensive income of the period, net of tax	2,713	140	1,837.9
Total comprehensive income/(expense) for the period	12,804	(7,719)	NM
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company	9,748	(7,329)	NM
Non-controlling interests	3,056	(390)	NM
Total comprehensive income/(expense) for the period	12,804	(7,719)	NM

Notes to Group statement of profit or loss:

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2016 (Q1 FY2017)	3 months ended 30 Jun 2015 (Q1 FY2016)	Increase/ (Decrease)
Other income			
Amortisation of deferred capital grants	57	48	18.8
Gain on disposal of property, plant and equipment	-	17	(100.0)
Interest income	256	46	456.5
Compensation income	259	-	NM
Others	142	160	(11.3)
	714	271	163.5
Other operating expenses			
Exchange loss/(gain)	575	(952)	NM
Bank charges	495	766	(35.4)
Property, plant and equipment written off	4	-	NM
Others	35	2	1,650.0
	1,109	(184)	NM

NM: Not Meaningful

Notes to other profit or loss items

The Group profit before taxation is arrived at after charging/(crediting):

	Group (First Quarter)		
	RMB'000		%
	3 months ended 30 Jun 2016 (Q1 FY2017)	3 months ended 30 Jun 2015 (Q1 FY2016)	Increase/ (Decrease)
Amortisation of intangibles assets	25	25	-
Depreciation of property, plant and equipment	13,754	11,910	15.5
Gain on disposal of property, plant and equipment, net	-	(17)	(100.0)
Interest expense	4,631	4,935	(6.2)
Operating lease rentals	2,053	2,068	(0.7)

NM: Not Meaningful

Note:

- Gain on exchange translation arose mainly from translation of the net assets of our Singapore subsidiaries and Hong Kong subsidiaries. SGD and HKD appreciated 3.9% and 2.5% respectively against RMB as at 30 June 2016 as compared to last financial year end.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun	31 Mar	30 Jun	31 Mar
	2016	2016	2016	2016
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current				
Property, plant and equipment	462,802	454,693	-	-
Intangible assets	125	150	-	-
Subsidiaries	-	-	344,363	344,363
Available-for-sale financial assets	81,846	81,846	81,846	81,846
Trade and other receivables	767	826	-	-
Deferred costs	8,270	10,442	-	-
Deferred tax assets	19,174	16,643	-	-
	<u>572,984</u>	<u>564,600</u>	<u>426,209</u>	<u>426,209</u>
Current				
Inventories	291,955	280,801	-	-
Trade and other receivables	345,385	316,013	97	184
Deferred costs	9,558	10,398	-	-
Amounts owing by subsidiaries	-	-	44,784	42,519
Amounts owing by related parties	80,035	95,584	-	-
Amount owing by a corporate shareholder of a subsidiary	867	453	-	-
Cash and cash equivalents	137,647	166,036	852	2,042
	<u>865,447</u>	<u>869,285</u>	<u>45,733</u>	<u>44,745</u>
TOTAL ASSETS	<u>1,438,431</u>	<u>1,433,885</u>	<u>471,942</u>	<u>470,954</u>
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	271,011	261,263	149,932	149,721
Equity attributable to equity holders of the Company	<u>583,495</u>	<u>573,747</u>	<u>462,416</u>	<u>462,205</u>
Non-controlling interests	57,139	54,083	-	-
TOTAL EQUITY	<u>640,634</u>	<u>627,830</u>	<u>462,416</u>	<u>462,205</u>
LIABILITIES				
Non-current				
Borrowings	1,049	507	-	-
Deferred income	12,632	15,730	-	-
Deferred capital grants	10,400	10,457	-	-
Deferred tax liabilities	16,297	15,975	6,046	5,964
Trade and other payables	21,489	22,135	-	-
	<u>61,867</u>	<u>64,804</u>	<u>6,046</u>	<u>5,964</u>
Current				
Trade and other payables	374,250	296,882	3,233	2,524
Borrowings	267,895	367,071	-	-
Deferred income	13,531	14,593	-	-
Deferred capital grants	229	229	-	-
Amounts owing to/advances from related parties	51,114	34,000	80	80
Amounts owing to a corporate shareholder of a subsidiary	22,506	26,008	-	-
Current tax payable	6,405	2,468	167	181
	<u>735,930</u>	<u>741,251</u>	<u>3,480</u>	<u>2,785</u>
TOTAL EQUITY AND LIABILITIES	<u>1,438,431</u>	<u>1,433,885</u>	<u>471,942</u>	<u>470,954</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	As at 30 Jun 2016		As at 31 Mar 2016	
	Secured ⁽¹⁾	Unsecured ⁽²⁾	Secured ⁽¹⁾	Unsecured ⁽²⁾
	RMB'000	RMB'000	RMB'000	RMB'000
Amount repayable in one year or less, or on demand	267,895	50,304	367,071	35,134
Amount repayable after one year	1,049	-	507	-
	268,944	50,304	367,578	35,134

Details of any collaterals

Note (1): The secured loans include the following:

	30 Jun 2016	31 Mar 2016	Description
	RMB'000	RMB'000	
Bank borrowings			
a)	40,000	50,000	Granted to Fushun Yongmao Construction Machinery Co., Ltd. ("Fushun Yongmao"), guaranteed by Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd. ("Beijing Yongmao") and a director of the Company.
b)	50,000	50,000	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao.
c)	10,000	-	Granted to Fushun Yongmao, guaranteed by the Company.
d)	65,316	102,927	Granted to Fushun Yongmao, guaranteed by the Company and the irrevocable letter of guarantees issued by another bank. The letter of guarantees are guaranteed by Beijing Yongmao and certain directors of the Company and secured by fixed deposits.
e)	-	49,217	Granted to Fushun Yongmao, guaranteed by Beijing Yongmao and certain directors of the Company and secured by fixed deposits.
f)	20,000	40,000	Granted to Fushun Yongmao, guaranteed by the Company, Beijing Yongmao and a director of the Company and secured by fixed deposit.
g)	3,696	5,393	Granted to Yongmao Machinery Pte. Ltd., guaranteed by the Company.
	189,012	297,537	
Short-term trade financing			
a)	25,000	25,000	Granted to Fushun Yongmao, guaranteed by the Company, Beijing Yongmao and a director of the Company and secured by certain trade receivables.
	25,000	25,000	
Finance lease obligations			
a)	1,736	899	In respect of motor vehicles and office equipment acquired under finance leases.
b)	53,196	44,142	In respect of towercranes acquired under finance leases granted to Yongmao Machinery (H.K.) Company Limited.
	54,932	45,041	
	268,944	367,578	

The above borrowings are for working capital purposes.

Note (2): The unsecured loans include the followings:

- RMB18.4 million (31 March 2016 – RMB18.4 million), which was interest-bearing, was from a corporate shareholder to Beijing Yongmao for the purpose of increasing the working capital of Beijing Yongmao. This is included as part of "Amounts owing to a corporate shareholder of a subsidiary" under current liabilities in the balance sheet.
- RMB17.2 million (31 March 2016 – RMB16.8 million), which was interest-free, was from a related party to Yongmao Machinery Pte Ltd for the purpose of increasing the working capital of the Group. This is included as part of "Amounts owing to/advances from related parties" under current liabilities in the balance sheet.
- RMB14.7 million (31 March 2016 – RMB Nil), which was interest-free, was from related parties to Fushun Yongmao for the purpose of increasing the working capital of the Group. This is included as part of "Amounts owing to/advances from related parties" under current liabilities in the balance sheet.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (First Quarter)	
	RMB'000	
	3 months ended 30 Jun 2016 (Q1 FY2017)	3 months ended 30 Jun 2015 (Q1 FY2016)
Cash flows from operating activities		
Profit before taxation	12,783	(9,103)
Adjustments for:		
Amortisation of deferred capital grants	(57)	(48)
Amortisation of intangible assets	25	25
Depreciation of property, plant and equipment	13,754	11,910
Gain on disposal of property, plant and equipment	-	(17)
Property, plant and equipment written off	4	-
Interest expense	4,631	4,935
Interest income	(256)	(46)
Exchange translation difference	2,127	(266)
Operating profit before working capital changes	33,011	7,390
Increase in inventories ¹	(27,413)	(6,811)
Decrease/(increase) in deferred costs	3,012	(18,889)
(Increase)/decrease in operating receivables	(11,934)	22,387
Increase/(decrease) in operating payables	72,882	(17,579)
(Increase)/decrease in deferred income	(4,160)	27,601
Cash generated from operations	65,398	14,099
Interest paid	(4,565)	(4,471)
Tax paid	(1,251)	(148)
Net cash generated from operating activities	59,582	9,480
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,505)	(3,196)
Proceeds from disposal of property, plant and equipment	-	85
Interest received	110	46
Net cash used in investing activities	(1,395)	(3,065)
Cash flows from financing activities		
Proceeds from borrowings	25,586	124,461
Repayment of borrowings	(120,034)	(83,735)
Repayment of finance lease liabilities	(6,911)	(8,362)
Restricted bank balances	32,178	(4,511)
Advances from related parties	14,700	-
Dividends paid to non-controlling interests	(694)	-
Net cash (used in)/generated from financing activities	(55,175)	27,853
Net increase in cash and cash equivalents	3,012	34,268
Cash and cash equivalents at beginning of period	81,258	58,383
Exchange adjustments	777	191
Cash and cash equivalents at end of period	85,047	92,842

Note:

1. Included in increase in inventories for Q1 FY2017 of RMB17.5 million (Q1 FY2016 : RMB4.1 million) respectively, were towercranes and towercrane components and accessories that were self-constructed which were held for rental purposes and have been presented under operating activities in accordance with FRS 7.

	Group	
	RMB'000 30 Jun 2016	RMB'000 30 Jun 2015
Analysis of cash and cash equivalents		
Cash on hand	182	178
Bank balances	137,465	188,714
	137,647	188,892
Restricted bank balances	(52,600)	(96,050)
	85,047	92,842

- 1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	Exchange fluctuation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:									
Balance as at 1 Apr 2016	312,484	(26,769)	58,070	3,171	224,006	2,785	573,747	54,083	627,830
Total comprehensive income for the period	-	-	-	-	8,011	1,737	9,748	3,056	12,804
Transfer from statutory common reserve	-	-	1,696	-	(1,696)	-	-	-	-
Balance as at 30 Jun 2016	312,484	(26,769)	59,766	3,171	230,321	4,522	583,495	57,139	640,634

Group	Share capital	Merger reserve	Statutory common reserve	Fair value reserve	Retained earnings	Exchange fluctuation reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:									
Balance as at 1 Apr 2015	312,484	(26,769)	58,332	792	236,140	40	581,019	54,811	635,830
Total comprehensive income/(expense) for the period	-	-	-	-	(7,444)	115	(7,329)	(390)	(7,719)
Transfer from statutory common reserve	-	-	(506)	-	506	-	-	-	-
Balance as at 30 Jun 2015	312,484	(26,769)	57,826	792	229,202	155	573,690	54,421	628,111

Company	Share capital RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Current year:				
Balance as at 1 Apr 2016	312,484	3,171	146,550	462,205
Total comprehensive income for the period	-	-	211	211
Balance as at 30 Jun 2016	312,484	3,171	146,761	462,416

Company	Share capital RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Previous year:				
Balance as at 1 Apr 2015	312,484	792	111,957	425,233
Total comprehensive income for the period	-	-	463	463
Balance as at 31 Mar 2015	312,484	792	112,420	425,696

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 23 November 2015, the Company completed a share consolidation exercise to consolidate every five (5) existing ordinary shares in the capital of the Company held by the shareholders into one (1) consolidated share. The issued share capital of the Company now comprises 88,749,997 consolidated shares, after disregarding any fractions of consolidated shares arising from the share consolidation exercise.

There was no change in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose in Q1 FY2017 or Q1 FY2016.

There was no outstanding convertible or treasury share as at 30 June 2016 (30 June 2015 – Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the end of the current financial period and as at the end of the immediately preceding year.

	30 June 2016	31 March 2016
Total number of issued shares (excluding treasury shares)	88,749,997	88,749,997

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 30 June 2016 (30 June 2015 – Nil).

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and method of computation as the audited financial statements for the financial year ended 31 March 2016 except that the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on 1 April 2016.

The adoption of these new or revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Please refer to Paragraph 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group (First Quarter)	
	RMB'000	
	3 months ended 30 Jun 2016 (Q1 FY2017)	3 months ended 30 Jun 2015 (Q1 FY2016) <i>Restated</i>
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	8,011	(7,444)
Weighted average no. of shares used in computation of basic earning per shares	88,749,997	88,749,997
Earnings per share (in cents RMB)		
(a) Based on weighted average number of ordinary shares on issue	9.03	(8.39)
(b) On a fully diluted basis	9.03	(8.39)

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue of 88,749,997 (after share consolidation exercise) for both periods.

There is no difference between the basic and diluted earnings per share

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 Jun 2016	31 Mar 2016	30 Jun 2016	31 Mar 2016
Net asset value per ordinary share (RMB cents)	657.46	646.48	521.03	520.79

Net asset value per share for the Group and the Company for 30 June 2016 and 31 March 2016 has been computed based on shareholders' equity as at the respective dates and the number of shares of 88,749,997 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF INCOME STATEMENT OF THE GROUP

First Quarter FY2017 ("Q1 FY2017") vs First Quarter FY2016 ("Q1 FY2016")

Revenue

Group revenue increased 81.7% to RMB154.6 million in Q1 FY2017 as compared to RMB85.1 million in Q1 FY2016. Sales in PRC has increased with revenue recorded at RMB79.0 million in Q1 FY2017 as demand increased for large sized towercranes used for infrastructure projects, such as power plants and the Beijing New Airport project in Daxing. Asia (outside the PRC) sales has also increased by 32.5% contributed from the improved sales in Taiwan market and higher rental and service income from Hong Kong operations.

Following the improvement in the PRC sales, it formed the bulk of the sales at 51.1% in Q1 FY2017.

Gross profit and gross profit margin

Gross profit increased 132.6% to RMB53.7 million in Q1 FY2017 from RMB23.1 million in Q1 FY2016. The increase was due to both higher revenue and better margin in Q1 FY2017.

Average gross profit margin increased to 34.8% in Q1 FY2017 from 27.1% in Q1 FY2016. The increase was attributable to sales of more larger-sized tower cranes of higher lifting capacity which generates higher gross margin as well as higher rental income and service income from Hong Kong operations, slightly offset by lower margin generated from sales of components and accessories.

Other income

Other income increased to RMB0.7 million in Q1 FY2017 as compared to RMB0.3 million in Q1 FY2016 was mainly due to higher interest income and compensation income from customers and suppliers.

Operating expenses

Total operating expenses increased 28.3% to RMB41.7 million in Q1 FY2017 as compared to RMB32.5 million in Q1 FY2016.

Distribution costs increased 66.4% to RMB16.5 million in Q1 FY2017 as compared to RMB9.9 million in Q1 FY2016 mainly due to higher freight and transportation charges as a result of higher sales and higher agent commission.

Administrative expenses increased 9.2% to RMB19.5 million in Q1 FY2017 as compared to RMB17.8 million in Q1 FY2016 largely due to bonus provision and higher property and land holding tax. There was no bonus provision made in Q1 FY2016 which reported a net loss.

Other operating expenses reported at RMB1.1 million in Q1 FY2016 as compared to a credit balance of RMB0.2 million in Q1 FY2016. This is mainly due to exchange losses of RMB0.6 million in Q1 FY2017 as compared to exchange gain of RMB1.0 million in Q1 FY2016.

The exchange loss arose mainly from:

- a) the weakening of Chinese Yuan ("RMB") against United States Dollars ("USD") due to net USD liabilities reported in the Group; offset by
- b) the strengthening of Singapore Dollars ("SGD") against RMB due to net SGD assets reported in the Group.

In line with the lower average borrowing and lower effective interest rate, finance costs decreased 6.2% to RMB4.6 million in Q1 FY2017 as compared to RMB4.9 million in Q1 FY2016.

Taxation

Income tax expense reported at RMB2.7 million in Q1 FY2017 as compared to a credit balance of RMB1.2 million in Q1 FY2016 in line with the net profit for the financial period.

Profit before taxation and Net profit attributable to equity holders of the Company

The Group recorded a profit before taxation RMB12.8 million in Q1 FY2017 as compare to loss before taxation of RMB9.1 million in Q1 FY2016 was mainly due to higher revenue, gross profit, partly offset by higher operating expenses.

Net profit attributable to equity holders of the Company increased to RMB8.0 million in Q1 FY2017 as compared to a net loss attributable to equity holders of the Company of RMB7.4 million in Q1 FY2016. This was mainly due to profit before taxation, offset by tax expense.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current Assets

Non-current assets increased by RMB8.4 million to RMB573.0 million as at 30 June 2016 mainly due to higher deferred tax assets and additions in property, plant and equipment, partly offset by depreciation expenses charged and lower deferred cost for the financial period.

Deferred costs related to the corresponding non-current portion cost of sales relating to revenue deferred (See Note on deferred income below).

Deferred tax assets arose mainly from deferred income, provisions and elimination of unrealised profits in intragroup sales.

Current Assets

Current assets slightly decreased by RMB3.8 million to RMB865.4 million as at 30 June 2016 mainly due to higher trade and other receivables and higher inventories, offset by lower amount owing by related parties, lower cash and cash equivalents (see Note on Review on Cash Flow Statement below) and lower deferred costs.

Trade and other receivables increased by RMB29.4 million mainly due to increase in trade receivables in line with higher sales. Amount owing by related parties are mainly trade in nature which decreased due to net repayment over purchase for the financial period.

Inventories increased by RMB11.2 million to RMB292.0 million as at 30 June 2016 as compared to RMB280.8 million as at 31 March 2016 for delivery due in Q2 FY2017.

Deferred costs related to the corresponding current portion cost of sales relating to revenue deferred (See Note on deferred income below).

Non-current Liabilities

Non-current liabilities decreased by RMB2.9 million to RMB61.9 million as at 30 June 2016 mainly due to lower deferred income (See Note on deferred income below).

Current Liabilities

Current liabilities decreased by RM5.3 million to RMB735.9 million as at 30 June 2016 mainly due to repayment of borrowings and amount owing to a corporate shareholder of a subsidiary, partly offset by higher trade and other payables and amount owing to related parties.

Trade and other payables increased by RMB77.4 million mainly due to higher purchases as a result of higher sales.

Amount owing to related parties increased by RMB17.1 million which was interest-free loan, was from related parties to Fushun Yongmao for the purpose of increasing the working capital of the Group.

Deferred income included RMB26.2 million of revenue deferred due to uncertainty in the timing of the consideration for the delivery of goods made to the customer. Owing to the uncertainty, the amount of the unpaid sum owed by the customer to the financial institution is deferred and recognised as revenue when the uncertainty is removed. The deferred costs, as mentioned under non-current and current assets above, related to the amount carried in the statement of financial position to the extent that revenue has been deferred. The decrease in deferred income, from RMB30.3 million as at 31 March 2016, was mainly due to repayment by customers to financial institutions.

Total Equity

As at 30 June 2016, the Group's total equity amounted to RMB640.6 million. The increase was mainly due to net profit of RMB10.1 million and other comprehensive income of RMB2.7 million for Q1 FY2017.

REVIEW OF CASH FLOW STATEMENT

Q1 FY2017 vs Q1 FY2016

The Group reported a net increase in cash and cash equivalents amounting to RMB3.0 million in Q1 FY2017 mainly due to:

- a) Net cash generated from operating activities in Q1 FY2017 of RMB59.6 million resulted mainly from operating profit before working capital changes, increase in operating payables, partly offset by increase in inventories and increase in operating receivables;
- b) Net cash used in investing activities of RMB1.4 million mainly from purchases of machinery; and
- c) Net cash used in financing activities of RMB55.1 million mainly from net repayment of bank borrowings and finance lease creditors, offset by advances from related parties and lower restricted bank balances.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

NA.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

China's GDP increased 6.7% in second quarter of calendar year which was in line with first quarter's result and came in slightly above the 6.6% expansion that market analysts had expected.

The sudden unexpected recovery in China's residential property market since late last year has helped support the economy in the first half. The recovery appears uneven as rapid price rises in some of the biggest cities fanned concerns of overheating and prompted a few local governments to cool sales by tightening property transfer restrictions. In smaller cities, a large number of unsold new properties continued to hit sales and prices forcing local authorities to explore new ways to increase sales. As such, domestic demand for construction machinery and equipment including towercranes for residential property market continues to remain muted.

Demand for towercranes in other overseas markets is mixed with markets such as Taiwan and Australia likely to see a better demand in the replacement market whereas markets like Singapore and Macau remain challenging.

In light of the present weaker China economy and less than favorable global market conditions, the Group views that the overall business environment for the next 12 months will remain challenging.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended for the Q1 FY2017.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended for the Q1 FY2016.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/(recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 3 months ended 30 Jun 2016 (3M FY2017) RMB'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) 3 months ended 30 Jun 2016 (3M FY2017) RMB'000
Sales to related parties		
Jiangsu Hengxingmao Financial Leasing Co., Ltd. (江苏恒兴茂融资租赁有限公司)	-	33,557

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Revenue information based on geographical location of customers is as follows:

Revenue	Middle East & Others RMB'000	Asia (outside the PRC) RMB'000	USA & Europe RMB'000	PRC RMB'000	Consolidated RMB'000
FY2017					
- Q1	5,739	65,106	4,803	78,994	154,642
FY2016					
- Q1	21,991	49,126	13,448	526	85,091

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See Paragraph 8.

16. A breakdown of sales and profit after taxation

Not applicable.

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable.

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable.

19. **Confirmation of Undertakings of Directors and Executive Officers Pursuant to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

20. **Negative Assurance Confirmation on Third Quarter Financial Results Pursuant to Rule 705(5) of the Listing Manual**

We, the Executive Directors of Yongmao Holdings Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the interim unaudited financial statements for the three months ended 30 June 2016 to be false or misleading in any material aspect.

Sun Zhao Lin
Executive Director

Tian Ruo Nan
Executive Director

BY ORDER OF THE BOARD

Tian Ruo Nan
Chief Executive Officer
5 August 2016